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SENATE BILL 832

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Joseph J. Carraro

AN ACT

RELATING TO HIGHER EDUCATION; ENACTING THE GRADUATE STUDENT  
LOAN ACT; PROVIDING POWERS AND DUTIES; PROVIDING FOR  
ELIGIBILITY AND QUALIFICATIONS; PROVIDING FOR CONTRACTS;  
MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE. -- This act may be cited as the  
"Graduate Student Loan Act".

Section 2. DEFINITIONS. -- As used in the Graduate Student  
Loan Act:

A. "department" means the higher education  
department;

B. "graduate student" means a person who is or  
will be enrolled in a graduate degree-granting program at a  
participating institution; and

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1           C. "participating institution" means a four-year  
2 institution of higher learning named in Article 12, Section 11  
3 of the constitution of New Mexico that has one or more  
4 graduate degree-granting programs.

5           Section 3. DEPARTMENT POWERS AND DUTIES--DELEGATION OF  
6 DUTIES--APPLICATIONS--GRADUATE STUDENT ELIGIBILITY--  
7 QUALIFICATIONS.--

8           A. The department shall establish a "graduate  
9 student loan program" to provide low-interest loans to  
10 eligible and qualified graduate students to help defray the  
11 education-related costs of attending graduate school.

12           B. The department may delegate to other agencies  
13 or contract for the performance of services required by the  
14 provisions of the Graduate Student Loan Act.

15           C. The department shall provide by rule for an  
16 application process for students seeking graduate student  
17 loans.

18           D. A graduate student who is or will be enrolled  
19 in a graduate degree-granting program for which the state  
20 provides a loan-for-service or loan repayment option is not  
21 eligible for a graduate student loan under the Graduate  
22 Student Loan Act.

23           E. To qualify for a graduate student loan, a  
24 person must:

- 25                   (1) be a resident of New Mexico;

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1 (2) be enrolled in or be accepted for  
2 enrollment in a graduate degree-granting program at a  
3 participating institution;

4 (3) demonstrate financial need as provided by  
5 rule of the department;

6 (4) be a full-time student; and

7 (5) meet any other requirements provided by  
8 rule of the department.

9 F. A graduate student must demonstrate academic  
10 progress as provided by rule of the department to continue to  
11 receive a graduate student loan.

12 G. A graduate student may be eligible for a loan  
13 of up to one thousand dollars (\$1,000) per semester for no  
14 more than six semesters; provided that a loan shall not exceed  
15 the cost of tuition and fees for the semester in which the  
16 loan is given.

17 Section 4. LOW-INTEREST LOANS--LOAN REPAYMENT--CONTRACT  
18 TERMS. --

19 A. The general form of the contract required for a  
20 graduate student loan shall be prepared and approved by the  
21 attorney general and signed by the graduate student and the  
22 secretary or the designated representative of the department  
23 on behalf of the state before payment of the loan to the  
24 student. The contract shall provide for the payment of the  
25 principal and interest at three percent a year on a schedule

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1 adopted by rule of the department.

2 B. When a person who has received a loan fails to  
3 make payments due in accordance with an executed contract, the  
4 department may declare the full amount of remaining principal  
5 and interest due and payable immediately. The department is  
6 vested with full authority and power to sue in its own name  
7 for any balance due the state from a person on a contract. No  
8 payment shall be made to a graduate student until the student  
9 has executed the contract. For the purpose of the Graduate  
10 Student Loan Act, a graduate student has the capacity to  
11 contract and is bound by any contract executed by the student;  
12 the defense that the student was a minor at the time the  
13 student executed a contract is not available to the student in  
14 any action arising on the student's contract. Loan payments  
15 shall be made to the participating institution each semester.

16 C. The department may cancel a contract made  
17 between it and a graduate student for reasonable cause deemed  
18 sufficient by the department.

19 Section 5. GRADUATE STUDENT LOAN FUND. --

20 A. The "graduate student loan fund" is created as  
21 a nonreverting fund in the state treasury. The fund consists  
22 of appropriations, loan repayments, gifts, grants, donations  
23 and income from investment of the fund. The department shall  
24 administer the fund, and money in the fund is appropriated to  
25 provide graduate student loans. Disbursements of the fund

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1 shall be made on warrants of the secretary of finance and  
2 administration pursuant to vouchers signed by the secretary of  
3 higher education or the secretary's authorized representative.

4 B. The department shall collect all interest and  
5 principal payments made by the student under the terms of the  
6 contract and shall deposit the payments in the graduate  
7 student loan fund.

8 Section 6. APPROPRIATION. --Two million dollars  
9 (\$2,000,000) is appropriated from the general fund to the  
10 graduate student loan fund for expenditure in fiscal year 2007  
11 and subsequent fiscal years to provide loans to eligible and  
12 qualified graduate students. Any unexpended or unencumbered  
13 balance remaining at the end of a fiscal year shall not revert  
14 to the general fund.

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